

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5 \*  
PART III

SEC FILE NUMBER  
8- 49495

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING July 1, 2011 AND ENDING June 30, 2012 \*  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Westport Capital Markets, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

257 Riverside Avenue

(No. and Street)

Westport

CT

06880

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Christopher McClure

203-222-8915

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Alperin, Nebbia & Associates, CPA, PA

375 Passaic Avenue, Suite 200 (Name - if individual, state last, first, middle name)  
Fairfield NJ 07004

(Address)

(City)

(State)

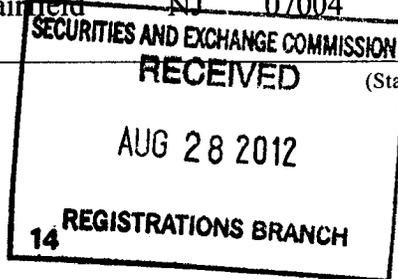
(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.



FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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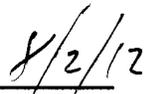


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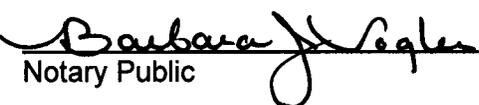
AFFIRMATION

I, Chris McClure, affirm that, to the best of my knowledge and belief, the accompanying financial statements for the year ended June 30, 2012 and supplemental schedules pertaining to Westport Capital Markets, LLC as of June 30, 2012 are true and correct. I further affirm that neither the limited liability company nor any member has any proprietary interest in any account classified solely as that of a customer.

  
Chris McClure  
Managing Member

  
Date

Subscribed and Sworn to before me  
on this 2 day of August, 2012.

  
Notary Public

**BARBARA J. VOGLER**  
**NOTARY PUBLIC**  
MY COMMISSION EXPIRES MAR. 31, 2013

**WESTPORT CAPITAL MARKETS, LLC**

**(S.E.C. NO. 8-49495)**

**STATEMENT OF FINANCIAL CONDITION  
AS OF JUNE 30, 2012**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**SUPPLEMENTAL REPORT ON INTERNAL CONTROL STRUCTURE**

**\*\*\*\*\***

This report is filed as a PUBLIC document  
in accordance with Rule 17a-5(e)(3) under  
the Securities Exchange Act of 1934.

**WESTPORT CAPITAL MARKETS, LLC**

**(S.E.C. NO. 8-49495)**

**STATEMENT OF FINANCIAL CONDITION  
AS OF JUNE 30, 2012**

**AND**

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**AND**

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**WESTPORT CAPITAL MARKETS, LLC**

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Fairfield, NJ 07004  
973-808-8801  
Fax 973-808-8804



Steven J. Alperin, CPA  
Vincent S. Nebbia, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Westport Capital Markets, LLC  
Westport, CT

We have audited the accompanying statement of financial condition of Westport Capital Markets, LLC as of June 30, 2012, that you are filing pursuant to rule 17a-5 under the Securities Exchange Act 1934. This financial statement is the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Westport Capital Markets, LLC at June 30, 2012 in conformity with generally accepted accounting principles of the United States of America.

ALPERIN, NEBBIA & ASSOCIATES, CPA, PA

*Alperin, Nebbia & Associates, CPA, PA*

Fairfield, New Jersey  
August 22, 2012

**WESTPORT CAPITAL MARKETS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**JUNE 30, 2012**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 65,225
Due from clearing broker	183,379
Investment in securities, at market value	20,769
Advances on commissions	50,348
Prepaid expenses and other current assets	<u>15,414</u>
	335,135

**Property and Equipment, net**

-

**Total assets**

\$ 335,135

**LIABILITIES AND MEMBER'S EQUITY**

**Current Liabilities:**

Accrued expenses	\$ 55,577
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**Commitments and Contingencies**

**Member's Equity**

279,558

**Total liabilities and member's equity**

\$ 335,135

**WESTPORT CAPITAL MARKETS, LLC**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**JUNE 30, 2012**

**Note A – Organization and Significant Accounting Policies**

Nature of Business

Westport Capital Markets, LLC (the "Company"), is a securities broker-dealer servicing both institutional and retail clients.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with three months or less to maturity at the date of purchase to be cash equivalents.

Advances on Commissions

It is the Company's policy to make advances to commissioned brokers. These advances are repaid as commissions are earned. As of June 30, 2012 the Company has outstanding advances in the amount of \$50,348.

Property and Equipment

Property and equipment is stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized. Depreciation is provided on accelerated and straight-line methods over lives ranging from 3 to 5 years.

Revenue Recognition

The Company generates its revenues principally by providing securities trading, investment management and brokerage services. Revenues for these services are transaction based. As a result, the Company's revenues could vary based on the performance of the financial markets.

Non-recognition of commissions arising from unsettled customer transactions is not considered to have a material effect on either the Company's financial statements or net capital computations.

The Company clears all securities transactions through The Company clears all securities transactions through JP Morgan Clearing Corp. (JP Morgan), on a fully disclosed basis.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation as of July 1, 2008. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in the financial statements. The Company pays a minimum fee to the State of Connecticut.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingencies in the financial statements. Actual results could differ from the estimates included in the financial statements.

Fair Value Measurements

The Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurement and Disclosure defines fair value, establishes an framework for measuring fair value and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**WESTPORT CAPITAL MARKETS, LLC**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**JUNE 30, 2012**

**Note A – Organization and Significant Accounting Policies (Continued)**

Fair Value Measurements (continued)

The three levels of the fair value hierarchy under ASC Topic 820-10-35 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are significant to the fair value measurement and unobservable

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

At June 20, 2012, the Company has classified all of its securities owned at fair market value at Level 1 for ASC Topic 820 Fair Value Measurement purposes.

Subsequent Events

Subsequent events were evaluated through August 22, 2012 which is the date the financial statements were available to be issued.

**Note B – Property and Equipment**

Property and equipment consist of the following:

Office equipment	\$ 4,604
Less: accumulated depreciation	<u>4,604</u>
Property and equipment, net	<u>\$ -</u>

**Note C – Clearing Broker and Off-Balance Sheet Risk**

The Company uses JP Morgan to clear its securities transactions and to provide custodial and other services for which it pays a fee on a per transaction basis and interest on amounts borrowed. In connection with its clearing agreement, the Company must maintain a minimum deposit with JP Morgan of \$100,000. Pursuant further to its clearing agreement, customers' money balances and security positions are carried on JP Morgan's books. Under certain conditions, the Company has agreed to indemnify JP Morgan for any related losses, if any, that JP Morgan may sustain. Both the Company and JP Morgan monitor collateral on securities transactions to minimize exposure to loss.

**Note D – Net Capital Requirements and Subsequent Event**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2012, the Company had net capital of \$210,681, which was \$110,681 in excess of its required net capital of \$100,000. The Company's net capital ratio was 0.26 to 1.

**WESTPORT CAPITAL MARKETS, LLC**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**JUNE 30, 2012**

**Note E – Commitment and Contingencies**

In the normal course of business, the Company executes, as agent, transactions on behalf of customers. If the agency transactions do not settle because of failure to perform by either the customer or the counter party, the Company may be obligated to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the market value of the security is different from the contract amount of the transactions. The Company does not anticipate nonperformance by customers or counterparties. The Company has a policy of reviewing, as considered necessary, the credit standing of customers and counter parties with which it conducts business.

**Note F – Retirement Plan**

Starting January 1, 2008, the Company adopted a Simplified Employee Pension (SEP) Plan. The Plan covers all employees who are at least twenty-one years of age and have earned at least \$400 in compensation for the plan year.

**Note G – Operating Lease Commitment**

The Company entered into a building lease for a term of five years beginning June 2010.

The future minimum rent under this lease is as follows:

June 30,	
2013	\$ 67,898
2014	70,155
2015	<u>66,206</u>
	<u>\$ 204,259</u>

**Note H – Recent Accounting Pronouncements**

The Company adopted the new accounting for uncertainty in income taxes guidance on July 1, 2009. The adoption of that guidance resulted in no change.

As of June 30, 2012, the Company believes it is reasonably possible the balance of the gross unrecognized tax benefits is zero and will continue to be zero in the next twelve months based on conservative income tax positions and the expiration of statute of limitations. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

The Company's policy is to recognize accrued interest and penalties associated with uncertain tax positions as part of the income tax provision. As of July 1, 2009, accrued interest and penalties associated with uncertain tax positions is zero. For the year ended June 30, 2012, accrued interest and penalties associated with uncertain tax positions is zero.

The Company files income tax returns in the U.S. Federal jurisdiction, the State jurisdiction of Connecticut. None of these taxing jurisdictions have active examinations of Company income tax returns. The Company has timely filed all required income tax returns, and its Federal and State income tax returns prior to calendar year 2009 were closed by statute on September 15, 2012.

**Board of Directors  
Westport Capital Markets, LLC**

In planning and performing our audit of the financial statements of Westport Capital Markets, LLC for the year ended June 30, 2012, we considered its internal control structure, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives.

Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because if changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted the following condition involving the accounting system and internal control structure:

The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those control policies and procedures that depend on the segregation of duties. Because this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

The foregoing condition was considered in determining the nature, timing, and extent of audit procedures to be performed in our audit of the financial statements for the year ending June 30, 2012, and this report does not affect our report thereon dated August 22, 2012.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that, except for the effect, if any, of the condition indicated in the preceding paragraph, the Company's practices and procedures were adequate at June 30, 2012 to meet the Commission's objectives.

This report is intended solely for the information and use of management, the Securities and Exchange Commission, the National Association of Securities Dealers and other regulatory agencies which may rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and should not be used for any other purpose.

Alperin, Nebbia & Associates, CPA, PA

*Alperin, Nebbia & Associates, CPA, PA*

Fairfield, New Jersey  
August 22, 2012